

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7027

BILL NUMBER: HB 1338

NOTE PREPARED: Jan 14, 2008

BILL AMENDED:

SUBJECT: Property tax elimination.

FIRST AUTHOR: Rep. Thompson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ___**GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Pending

Summary of Legislation: Beginning January 1, 2009: (1) replaces the state funded homestead credit and the state funded property tax replacement credit with: (A) a property tax replacement credit equal to 100% of the property tax liability imposed on real property other than real property directly or indirectly owned by a corporation or public utility; and (B) a property tax replacement credit for the property tax imposed on corporations and public utilities in an amount that, in the aggregate, is equal to the amount available for property tax relief from the gaming revenue deposited in the property tax reduction trust fund; (2) increases the renter's deduction from adjusted gross income tax; (3) reduces the state adjusted gross income tax to 1.7%; (4) reduces county adjusted income tax, county option income tax, and county economic development income tax rates to eliminate the part of the tax devoted to providing property tax replacement credits and homestead credits; (5) requires a capital project to be reviewed by the county board of tax and capital projects review and submitted to a referendum when the capital project will increase debt by at least \$400 per capita; and (6) prohibits the total of property taxes and income taxes imposed in a county after December 31, 2008, to increase by more than the rate of growth in county income without approval of the voters in a referendum. Transfers duties concerning the review and approval of local taxing unit budgets, tax levies, and tax rates to the county board of tax and capital projects review. Beginning January 1, 2012, exempts real property that is not directly or indirectly owned by a corporation or public utility from property taxation. Requires the imposition of a local income tax to replace revenue lost from the granting of property tax property tax replacement credits and exemptions for real property not directly or indirectly owned by a corporation or public utility. Makes other changes. Makes an appropriation.

Effective Date: Upon passage; July 1, 2008; January 1, 2009; July 1, 2009.

Explanation of State Expenditures: *As of the above date, the fiscal analysis of this bill has not been*

completed. Please contact the Office of Fiscal and Management Analysis for an update of this fiscal impact statement.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources:

Fiscal Analyst: Jim Landers, 317-232-9869.